



Report of Management on the Effectiveness of Controls over Compliance With the FCC's Collocation Rules

Management of SBC Communications Inc. (SBC) is responsible for establishing and maintaining effective controls over the Company's¹ system for provisioning and maintaining collocation services (Collocation Process). The controls are designed to provide reasonable assurance to the Company's management and Board of Directors that the Company is in compliance with the criteria promulgated in the Federal Communications Commission's (FCC's) First Report and Order and Further Notice of Proposed Rulemaking (Collocation and Advanced Services Order), FCC 99-48, released March 31, 1999, and captioned, *In the Matters of Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket No. 98-147 and Title 47 Parts 51.319(a)(2)(iv), 51.321, and 51.323 of the Code of Federal Regulations (FCC's Collocation Rules) and the collocation transition mechanisms contained in subparagraphs I(3)(c)(3), I(3)(d), I(3)(e), I(4), I(4)(a)(3), I(4)(n)(4), I(6), and I(6)(g), in Appendix C (the Merger Conditions) of the FCC's Order approving the SBC/Ameritech Merger.²

As noted above, controls over the Collocation Process have been designed to comply with the Merger Conditions which address collocation in the context of the six-month transition period in which advanced services were being transitioned from the Companies to the SBC Advanced Services affiliate(s) as defined in Condition I of Appendix C. SBC further set forth its position on collocation activities during the six-month transition window in a February 15, 2000 letter from Mr. Michael Kellogg to Ms. Carol Matthey, Deputy Bureau Chief of the Common Carrier Bureau. This letter explains that the Commission did not intend to disrupt the ongoing advanced services offering of SBC while transitioning these services from the SBC ILECs to a separate affiliate, and consequently, the SBC incumbent LECs could provide certain functions for the separate advanced services affiliates on an exclusive basis during the six-month transition period. These functions included arranging for collocation space.

Controls over the Collocation Process have been designed to comply with the FCC's Collocation Rules, as understood by the Company. The Company must satisfy its evidentiary obligations under FCC Rule 51.321(d) and (e) and 51.323(b) by proving to the

¹ The word "Company" or "Companies" used throughout this assertion refers to SBC telephone operating companies, operating as Incumbent Local Exchange Carriers (ILECs), collectively, as follows: Illinois Bell Telephone Company; Indiana Bell Telephone Company, Incorporated; Michigan Bell Telephone Company; The Ohio Bell Telephone Company; Wisconsin Bell, Inc.; Nevada Bell Telephone Company; Pacific Bell Telephone Company; The Southern New England Telephone Company; and Southwestern Bell Telephone Company.

² *Applications of Ameritech Corp. and SBC Communications Inc. for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Section 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules*, CC Docket No. 98-141, Memorandum Opinion and Order, 14 FCC Red 4761 (1999).

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relevant state commissions that denials of collocation requests were appropriate. It is the Company's understanding that this proof is required when a requesting telecommunications carrier disputes before that state commission the Company's determination that the collocation request was not technically feasible or the equipment being collocated will not be actually used by the telecommunications carrier for the purpose of obtaining interconnection or access to UNEs. Further, it is the Company's understanding that the Company's policy of posting a notice of exhaustion after the Company becomes aware in the course of business that collocation space is exhausted, complies with the governing FCC's Collocation Rules.

There are inherent limitations in any control, including the possibility of human error and the circumvention or overriding of the controls. Accordingly, even effective controls can provide only reasonable assurance with respect to the achievement of the objectives of controls. Further, because of changes in conditions, the effectiveness of controls may vary over time.

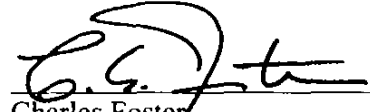
The Company has determined that the objectives of the controls with respect to the Company's Collocation Process are to provide reasonable, but not absolute, assurance that the Company has complied with the criteria promulgated in the FCC's Collocation Rules, as supplemented by the Merger Conditions.

The Company has assessed its controls over the Collocation Process in relation to the criteria established by the FCC's Collocation Rules, as supplemented by the Merger Conditions. Based upon this assessment, the Company believes that for the Evaluation Period October 8, 1999 through June 8, 2000, its controls over the Collocation Process are effective in providing reasonable assurance that the Company complied with the criteria established by the FCC's Collocation Rules, as supplemented by the Merger Conditions.

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Charles Foster
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